

My Ref: T: Scrutiny/PRAP/Comm Papers/Correspondence

Date: 21 February 2019



Councillors Huw Thomas
Leader, and Chris Weaver, Cabinet Member
Finance, Modernisation and Performance,
City of Cardiff Council
County Hall
Cardiff
CF10 4UW

Dear Huw & Chris,

Policy Review & Performance Scrutiny Committee: 20 February 2019.

As Chair I wish to pass on the thanks of the Policy Review and Performance Scrutiny Committee to you both for attending Committee yesterday to facilitate consideration of the draft Corporate Plan 2019-22 and the draft Budget Proposals 2019-20. We are grateful for the co-operation of the Directors and officers in attendance to answer Members' questions. This letter captures the observations and concerns of the Committee in a structure that reflects the Committee proceedings. Firstly, comments on the Corporate Plan, secondly on the overarching budget position and the Capital Strategy, followed by comments on the budget proposals of the specific service areas that fall within the terms of reference of this Committee.

Draft Corporate Plan 2019-22

The Committee welcomes the significant adjustments made to the Corporate Plan following Members comments and observations at the two previous scrutiny engagement sessions. The list of amendments you tabled provides us with important evidence of the impact of scrutiny. We feel that such a summary should become the future norm to summarise the accepted scrutiny input. At yesterday's meeting there was clear recognition by both Cabinet and PRAP Members of the value of effective collaboration between the Authority's strategic policy making and scrutiny functions. There are however a few further observations as follows:

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We understand that the Corporate Plan cannot be all encompassing, however we would stress that we consider having a performance target where there is a Step to achieve is essential and that the link between them should be clearly shown.

The Committee considers there is an opportunity to capitalise on the Council's community role to improve the Plan's content in respect of healthy lifestyles. We note there is evidence of the Administration's commitment to healthy outcomes in areas such as active travel and we are pleased to hear that the PSB will be taking a lead on healthy lifestyles, but we feel the Council could perhaps play a bigger part in the healthy choices agenda through its community role and reference that in the Corporate Plan.

We note there has been progress in delivering Capital Ambition and this Corporate Plan demonstrates continuity. However, in our capacity as the scrutiny committee with responsibility for oversight of corporate improvement, we are reassured to hear that you are already looking ahead at how to further refresh the Corporate Plan.

Overarching Budget Proposals 2018-19

We note your comment that scrutiny of the budget has some value and has occasionally led to last minute adjustments. However this is rare and the timing of the Budget Scrutiny leaves little scope for changes unlike that of the Corporate Plan. We note the view that closing the budgetary gap of £34.2m this year is challenging and we offer the following observations, and request some additional information to assist in our work planning:

- The Committee would like a clearer picture of the budget allocated to the employment of agency workers. We note this is a significant issue for Social Care services particularly and request more information on the cost and justification for agency work from the Director of Social Services and the breakdown of agency costs in other directorates and its rationale.
- We would be grateful for additional information in respect of employee turnover rates and replacement policy.

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- We note that you have been assured by officers that all anticipated savings are robust and achievable, even those risk assessed as red which led to some questions about the colour coding process. Savings rated as red risks should come with some detail of how the risk will be overcome or mitigated.
- In respect of the Financial Resilience Mechanism, we note this was created to deal with budgetary 'shocks' at annual budget setting, rather than use in year. If unused at the end of the year it is used for one off payments and is considered a useful mechanism.
- We have some concerns that smaller service areas are expected to deliver disproportionately large savings, such as the Governance and Legal Services Directorate compared with Waste management budgets. A good example is also line 91, the Policy, Performance and Research restructure where the service is delivering £204,000 saving on a £722,000 budget. This imbalance gives the appearance that some service areas are considered too difficult to modernise or may have industrial relations issues which the administration is reluctant to challenge. We urge fairness of treatment and consistency to ensure all areas of the Council are being treated similarly and contributing proportionally when large savings are needed.

Capital Strategy 2019/20

- The Committee found the presentation on the Council's Capital strategy highlighting the link between Capital and Revenue budgets a useful context to its scrutiny of the overall budget.
- The Committee had some concerns regarding how the Council assesses the robustness of capital resourcing. We heard the clarification that where the budget includes proposed capital expenditure then approval in principle is usually in place and no capital project proceeds without grant approval. We note that a delay in grant funding of capital projects can impact on decision making and decisions sometimes depend on what the Council is allowed to fund.

Resources Proposals

- We consider overall savings of 18% across the Resources Directorate to be high, but note that the Directorate has experienced similar levels of saving at the peak of previous budget cuts. It reinforces our previous point about savings not being consistent across the board.
- Line 82 – Generation of additional income within Health & Safety. The Committee notes that the generation of additional income through selling training expertise in asbestos removal is a case of spare capacity. We believe it is important to ensure a clear delineation between council work and income generating work for other bodies.
- Line 90 – Connect to Cardiff (C2C) Channel shift. We note your confidence that service users will move to automated interactions to allow the release of contact centre staff. We would caution this could also make services more accessible and simply increase total demand.
- Line 96 – Deletion of vacant Enterprise Architecture Posts. We expressed some concerns that appropriate expertise would be lost with the deletion of these posts, however note this follows a review and the creation of a Digital Delivery Team, and were interested to hear you are working closely with Microsoft.
- Members observed that it is unclear where in the budget papers Council expenditure on external consultants could be found. We note this would be within Directorate budgets, and that for the Resources Directorate they are relatively small sums such as the use of a Treasury Management Advisor. A total for all Council consultancy work in any financial year would be a useful figure to be able to scrutinise.

Economic Development Proposals

- Line 10 – Review of Security costs. The Committee is of the view that the achievability risk assessment of this saving should be reduced from Red-Amber.
- We have noted that the delivery of the 2020 Property Strategy presents the biggest challenge for property services. We look forward to scrutinising the Strategy, and suggest it may be useful from a Capital strategy perspective to produce an overarching asset strategy.

Governance & Legal Services Proposals

- The Committee supports the Cabinet's recognition of the cost of democracy and that savings in Democratic Services should be reflective of this.
- Line 76 – Review of Legal Services Staffing Resource. The Committee is interested in the number of agency lawyers the Council uses to maintain its legal services. We note there are just two, and were concerned to hear that despite productive recruitment exercises lawyers have chosen to leave within a short timescale, often creating a gap as Council employees are obliged to give one months' notice, whereas many incoming recruits are required to give three months' notice.
- Line 79 – Removal of Webcasting equipment from County Hall Council Chamber. Members are of the view that this is a relatively small saving compared with the level of inconvenience caused should Council need to be diverted from City Hall to County Hall, and removes flexibility. We are therefore pleased to hear that, as Council will need to be held at County Hall due to maintenance issues at City Hall, this saving will be delayed.

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- Line 78 - Cease printing meeting agenda and reports for Councillors and Senior Officers. The Committee feels strongly that there are several instances where it is important that Members have access to hard copies. For example, budget scrutiny. Whereas many Members are happy to routinely receive digital papers through Modern.Gov, all Members consider budget papers are the exception to the rule, and should be circulated in hard copy to enable successful cross referencing, and equip them with the tools to undertake good scrutiny. Additionally some Chairs of Committees with complex papers will always require hard copies, and in addition to the implications of the Equality Act 2010, some Members are uncomfortable with reading long documents digitally. We are therefore pleased to hear the Director of Governance and Legal Services will consider re-wording the proposed saving.

On behalf of the Committee and the Scrutiny service as a whole, I wish to acknowledge your commitment to engaging with the five Scrutiny Committees, both in respect of the Corporate Plan 2019-22 and of the Budget Proposals 2019-20. I look forward to an ongoing positive connection between Cabinet and Scrutiny, for the benefit of Cardiff citizens.

Yours sincerely,



COUNCILLOR DAVID WALKER

CHAIR, POLICY REVIEW AND PERFORMANCE SCRUTINY COMMITTEE

cc Members of the Policy Review & Performance Scrutiny Committee
 Paul Orders, Chief Executive
 Christine Salter, Corporate Director Resources
 Neil Hanratty, Director of Economic Development
 Davina Fiore, Director of Governance & Legal Services
 Philip Lenz, Chief Human Resources Officer
 Ian Allwood, Head of Finance
 Anil Hirani, OM Capital, Corporate & Treasury
 Gareth Newell, Partnership and Community Engagement Manager

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Dylan Owen, Head of Cabinet Office

Rita Rohman, PA to Corporate Director Resources

Joanne Watkins, Cabinet Support Office

Debi Said, PA to Leader